

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

EUR-25 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 STR-08

TRSE-00 LAB-06 SIL-01 OMB-01 AGR-20 SS-15 NSC-10 PA-03

PRS-01 USIA-15 L-03 RSR-01 /172 W

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R 160105Z AUG 73

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 7013

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E.O. 11652: N/A

TAGS: ETRD, NZ

SUBJECT: RUMOR OF US BUTTER PURCHASE FROM EEC

REF: WELLINGTON 2066

1. GNZ TRADE AND INDUSTRY OFFICIALS SAY THEY HAVE
TRADE RUMORS THAT USG HAS PURCHASED 35 THOUSAND TONS
OF BUTTER FROM EEC. THEY ACKNOWLEDGE THAT THEIR
INFO IS UNCONFIRMED, BUT IN LIGHT OF RECENT
LARGE SPECIAL IMPORT ALLOCATIONS OF NON FAT DRY MILK,
THEY CAN'T HELP GIVE A DEGREE CREDENCE TO IT.

2. IN MENTIONING RUMOR, THEY OBSERVED THAT, IF
USG WERE TO ENGAGE IN SUCH A TRANSACTION WITH
EEC, GNZ WOULD TAKE THIS MOST SERIOUSLY IN VIEW OF ITS
CONTINUING, SO FAR UNSUCCESSFUL EFFORTS TO EXPORT
BUTTER TO US.

3. OFFICIAL ALSO CONFIRMED THAT QUESTION OF
SYSTEM FOR SPECIAL IMPORT QUOTA ALLOCATION OF NON
FAT DRY MILK WAS RAISED OFFICIALLY IN WASHINGTON
(SEE REFTEL). THEY SAY THEY ARE STILL AWAITING A
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REPLY TO THEIR REQUEST FOR A SPECIAL IMPORT

ALLOCATION OF TWENTY TWO THOUSAND MILLION POUNDS OF NON FAT DRY MILK WHICH THEY SAY WAS SHIPPED BEFORE THE DEADLINE, BUT ARRIVED AFTER THE QUOTA WAS FILLED ON THE "FIRST COME FIRST SERVED BASIS"

4. THEY POINTED OUT THAT NZ AS A MAJOR EXPORTER OF NON FAT DRY MILK WOULD HAVE EXPECTED AN EQUITABLE OPPORTUNITY TO SHARE IN ANY SPECIAL ALLOCATION, BUT BECAUSE OF WAY THE SPECIAL IMPORTS ALLOCATIONS WERE HANDLED NZ HAS BEEN UNABLE TO SUPPLY ANY OF THE DRY MILK UNDER THEM.

5. THEY POINTED OUT THAT UNDER THE SPIRIT OF GATT THERE WAS A U.S. OBLIGATION TO ASSURE ITS SPECIAL IMPORT ALLOCATIONS ARE EQUITABLE. IF THE US GOES TO THE TOKYO GATT SESSION IN NOVEMBER TO NEGOTIATE MORE EQUITABLE SHARE OF THE EUROPEAN MARKET FOR ITS AGRICULTURAL PRODUCTS, IT SHOULD TAKE PAINS TO ASSURE THAT IS IMPORT PRACTICES ALSO CONFORM TO THIS SPIRIT.

COMMENT: IT IS EVIDENT HERE GNZ IS VERY DISPLEASED OVER ITS INABILITY TO BENEFIT FROM ANY OF THE PAST THREE U.S. SPECIAL IMPORT ALLOCATIONS OF DRY SKIM MILK AND IS MOST ANXIOUS INDUCE USG TO ALLOW THE 22 MILLION POUND SHIPMENT TO ENTER AND TO INSTITUTE SYSTEM FOR ANY FUTURE SPECIAL IMPORT ALLOCATIONS OF PRODUCTS OF WHICH NZ IMPORTANT PRODUCER WHICH WILL GURANTEE NZ EQUITABLE SHARE.

6. ACTION REQUESTED: NEED BEST POSSIBLE ANSWERS TO THESE QUESTIONS BY AUG 18 (WASHINGTON DATE) AS I HAVE BEEN INVITED TO DISCUSS US-NZ TRADE NEXT DAY BY MIN OVERSEAS TRADE WALDING.
WOOD

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